

Crown Estate Scotland Procurement Policy

Background & Purpose

1. This Procurement Policy is designed to support delivery of Crown Estate Scotland Procurement Strategy, as approved by the Crown Estate Scotland Board from time to time. The Procurement Strategy is fundamentally focussed on delivering Best Value in procurement for Crown Estate Scotland.
2. Best Value for Crown Estate Scotland includes economic, social and environmental value (whilst remaining at all times within the *vires* of the 1961 Crown Estate Act and amending provisions or replacement legislation).
3. All Procurement activities will be guided by these Procurement Principles:
 - i) Procurement processes should be transparent and proportionate.
 - ii) Crown Estate Scotland should leverage maximum value from collaborative procurement activities.
 - iii) Clear identification of award criteria and weighting, including sustainability impacts.
 - iv) Active and effective contract management over the course of any contract.

Roles & Responsibilities

4. This policy (and any amendments or changes that follow) must be approved by the Crown Estate Scotland Board.
5. Overall responsibility for application of the Policy lies with the Chief Executive (CE).
6. The CE is supported centrally by the Head of Finance & Commercial and the Commercial Manager. The Commercial Manager has specific responsibilities to:
 - i) Provide appropriate training and support to members of staff carrying out individual procurement activities;
 - ii) Maintain appropriate procurement documentation (e.g. Terms & Conditions, Invitation to Tender (ITT) documents, scoring matrices).
 - iii) Consider what (if any) other support is required in an individual procurement activity (e.g. legal);
 - iv) Collect, maintain, analyse and disseminate procurement data, as required.
7. The Commercial Manager is responsible for representing Crown Estate Scotland in Scottish Government (SG) related procurement activities and efforts (e.g. Cluster Group best practice networks). They are also responsible for administering Crown Estate Scotland access to the Public Contracts Scotland Portal (PCSP) and understanding the range of SG Framework Agreements open to Crown Estate Scotland.
8. Within each business area, an individual staff member ('responsible person') will be designated (by the relevant member of the Executive Committee) to have responsibility for

procurement in that area. They will be supported by the Commercial Manager, as detailed above.

9. For each Managing Agent, the lead Partner will have responsibility to ensure that any procurement undertaken on behalf of Crown Estate Scotland will be carried out in agreement with this Policy.

Control Limits & Processes

10. The fundamental approach to individual procurement activities, with associated financial control limits, is described below:

Contract value	Procedure	Comment
A Up to £5,000	Ad hoc procedure	<ul style="list-style-type: none"> • Ideally, source 2 suppliers for quotes • Suppliers T&C will normally apply
B £5,000-£10,000	Consider Competition	<ul style="list-style-type: none"> • If no competition, explain why • Ideally, source 3 suppliers for quotes • Suppliers T&C will normally apply
C £10,000-£50,000	Competition	<ul style="list-style-type: none"> • Tenders (price, quality and service) must be obtained from at least 3 suppliers • Clear decision rationale documented • Consider use of Quick Quote facility on Public Contracts Scotland Portal (PCSP)
D £50,000+	Competition	<ul style="list-style-type: none"> • Advertise on PCSP (Non-OJEU Contract Notice) • Multi person award decision • Commercial/ financial/ legal advice to be enlisted as necessary • Clear decision rationale documented
E Framework	Set up/ Call off	<ul style="list-style-type: none"> • Discuss requirements with Commercial Manager

< £5,000 Contract Value

11. Small purchases of below £5,000 will be subject to ad-hoc procurement procedures.
12. Attention is required to ensure a suitable specification/ scope of work is developed, prior to procurement being undertaken. That specification or scope should encompass consideration of desired product/ service attributes (e.g. if buying paper, should it be recycled or is better quality necessary).
13. The Commercial Manager should be consulted to ascertain whether there is an appropriate SG or other Framework Agreement through which the item could be procured.
14. If a SG or other Framework Agreement is not available, then a minimum of 2 competitive prices should be sought from potential suppliers.

£5,000 - £10,000 Contract Value



15. For contract values between £5,000 and £10,000, there is a presumed need for a competitive tendering process. If the responsible person considers (for whatever reason) that competitive tendering is not necessary, that approach must be discussed and agreed with the Commercial Manager before procurement is started.
16. Ideally, 3 competitive quotes should be obtained from suppliers. A clear specification or scope of work should be developed beforehand, including desired attributes other than price (e.g. can it be locally sourced or environmental attributes).
17. At this level of contract value, use of the suppliers Terms & Conditions would normally be considered. The Commercial Manager should be consulted if there is any doubt in this regard.

£10,000 - £50,000 Contract Value

18. For contract values between £10,000 and £50,000, there is an absolute requirement for competitive tendering to be undertaken. An exception to this is a situation where the required product or service is specialist or geographically difficult to source, to the extent that competitive tendering is not possible. This situation must be discussed and agreed with the Commercial Manager before procurement is started.
19. To aid transparency and support delivery of Best Value, it is recommended that, where possible, the Quick Quote facility on the PCSP is to be used to tender contract values in this range. Tenders from 3 suppliers should be sought.
20. Whether or not the Quick Quote facility is used, the basic process for contracts of this value will be the same:
 - i) Potential suppliers should be identified (either via PCSP or other means);
 - ii) An Invitation to Quote (ITQ) or Invitation to Tender (ITT) should be prepared. This must include a Brief (a comprehensive product specification or service scope of work), description (including relative weighting) of the evaluation criteria to be used and model Contract;
 - iii) The ITQ should be posted via the Quick Quote function of PCSP. An ITT (if Quick Quote not being used) should be sent to the potential suppliers identified;
 - iv) Responses should be received (by the date specified in the ITQ/ITT) and evaluated (against the evaluation criteria included in the ITQ/ITT). The preferred supplier is thus identified;
 - v) The result of the evaluation is then communicated to the preferred supplier (via a Contract Award Letter) and the other respondees (via an Unsuccessful Tenderer Letter). If Quick Quote is used, a Contract Award Notice should be posted;
 - vi) The Contract is then issued to the successful party.

£50,000+

21. For contract values in excess of £50,000, there is a requirement for competitive tendering to be undertaken.

22. To aid transparency and support delivery of Best Value, tenders from at least 3 suppliers should be sought via the PCSP.
23. The basic process to be followed is as follows:
 - i) The opportunity should be advertised on PCSP through the use of a 'Non-OJEU Contract Notice';
 - ii) An Invitation to Quote (ITQ) or Invitation to Tender (ITT) should be prepared. This must include a Brief (a comprehensive product specification or service scope of work), description (including relative weighting) of the evaluation criteria to be used and model Contract;
 - iii) The ITQ should be posted via the PCSP;
 - iv) Responses should be received (by the date specified in the ITQ) and evaluated (against the evaluation criteria included in the ITQ). Evaluation criteria and approach for contracts of this scale is necessarily more rigorous than for lower value agreements. In particular, a multi person award panel decision is required. In addition, appropriate commercial/ financial/ legal advice should be enlisted. The preferred supplier is thus identified;
 - v) The result of the evaluation is then communicated to the preferred supplier (via a Contract Award Letter) and the other respondees (via an Unsuccessful Tenderer Letter). A Contract Award Notice should be posted on the PCSP;
 - vi) The Contract is then issued to the successful party.

Framework Agreements

24. A **framework agreement** is a general term for **agreements** with suppliers that set out terms and conditions under which specific purchases (call-offs) can be made throughout the term of the **agreement**.
25. Generally, Crown Estate Scotland may make use of framework agreements established by other bodies (e.g. Scottish Government, UK Government, Crown bodies). Crown Estate Scotland may not have automatic access to all SG/ UK Government framework agreements.
26. The Commercial Manager should be consulted before access to a particular framework agreement is attempted.

Selection Criteria & Weighting

27. Given our legal duty to achieve 'Best Consideration' under The Crown Estate Act 1961, the cost implications of any contract proposal will continue to carry significant weight when it comes to assessing that proposal.
28. Other criteria must also be taken into account (and given appropriate weighting):
 - i) Quality and deliverability;

- ii) Sustainability (including social and environmental impacts).
29. Sustainability impacts are inherently more difficult to assess/demonstrate than financial impacts. Care must be taken at the ITT/ITQ stage to ensure desired criteria are properly identified, along with means of assessing them.

Documentation

- 30. Copies of all relevant contract documentation will be stored centrally (including ITT/ITQ and evaluation documents);
- 31. Confirmation and details of awarded contracts should be sent to the Commercial Manager on completion, including counterparty, term, indicative value and scope of work/ specification. This allows a comprehensive picture of procurement activities to be built-up and maintained.
- 32. A Decision Record Sheet, and the process behind it, will be used to capture each contract award.

Contract Management

- 33. Proactive contract management is a vital component of ensuring Best Value delivery.
- 34. Supplier performance will be managed throughout the lifetime of the contract by the **person who instigated the procurement of the contract/ product**, or their successor.
- 35. Contract variations may result in the need for a new procurement process. As such, variations should be treated as exceptional and kept to a minimum – changes should not materially alter the original contract.
- 36. The Commercial Manager should be consulted regarding a potential contract variation.